



Massachusetts Clean Water State Revolving Fund Program

MassDEP
Division of Municipal Services
2006



Introduction

The Massachusetts State Revolving Fund (SRF) for water pollution abatement projects was established to provide a low-cost funding mechanism to assist municipalities in complying with federal and state water quality requirements. The SRF Program is jointly administered by the Division of Municipal Services of the Department of Environmental Protection (MassDEP) and the Massachusetts Water Pollution Abatement Trust. Each year MassDEP solicits projects from Massachusetts municipalities and wastewater districts to be considered for subsidized loans. The current subsidy is provided via a 2% interest loan. In recent years the program has operated with \$300 to \$350 million per year, representing the financing of 50 to 70 projects annually. The SRF Program continues to emphasize watershed management priorities. A major goal is to provide incentives to communities to undertake projects with meaningful water quality and public health benefits and which address the needs of the communities and the watersheds.

Eligible Projects

Financial assistance is available for planning and construction of projects, including CSO mitigation, new wastewater treatment facilities and upgrades of existing facilities, infiltration/inflow correction, wastewater collection systems, and nonpoint source pollution abatement projects, such as landfill capping, community programs for upgrading septic systems (Title 5), brownfield remediation, pollution prevention, and stormwater remediation. In addition, non-structural projects are eligible for SRF funding; e.g., planning projects for nonpoint source problems which are consistent with the MassDEP's Nonpoint Source Management Plan and that identify pollution sources and suggest potential remediation strategies.

Project Rating

In order to be considered for SRF funding, a community must complete a Project Evaluation Form (PEF) at the time of the project solicitation which MassDEP conducts during the summer/fall of each year. MassDEP will rank projects using a rating system which assigns points on the basis of various environmental, programmatic, and implementation criteria. These criteria include the extent to which the project:

- will have demonstrable water quality benefits;
- will eliminate or mitigate a risk to public health;
- is needed to achieve or maintain compliance with applicable discharge permits or other water pollution control requirements;
- will implement or be consistent with watershed management plans (or addresses a watershed priority) and is consistent with local and regional growth plans; and
- the borrower supports the Commonwealth Sustainable Development Initiative, as evidenced by its Commonwealth Capital Score.

CWSRF Process Steps

1. Project Solicitation/PEF
2. Annual Priority List
3. IUP Project List
4. Loan Application
5. Project Approval Certificate
6. Loan Commitment Issued
7. Project Regulatory Agreement
8. Loan Agreement Executed

Project Priority List and Intended Use Plan Project Listing

After evaluating the project requests submitted in response to the annual solicitation, MassDEP develops a list of projects eligible to receive financial assistance. From this annual list, and on the basis of projects' readiness to proceed and priority rating, MassDEP assigns projects to a fundable list, the Intended Use Plan Project Listing (IUP). Projects on the IUP are eligible to apply for financing in the coming year, with the total cost of all projects on the IUP not to exceed the amount of funding available for that year. To qualify for placement on the IUP, a project must have a high enough ranking, have received a local funding appropriation, or be scheduled for funding appropriation by June 30 of the coming year, and the applicant must be able to file a complete loan application no later than October 15 of the coming year.

Funding Commitments

To obtain funding for a project on the IUP, the borrower must file a loan application and obtain a Project Approval Certificate from MassDEP. The loan application must include information about funding authorization, repayment ability, and project schedule. A complete loan application also includes construction contract documents ready for bidding and evidence of compliance with any applicable environmental reviews and permits.

Once MassDEP certifies that costs are eligible for funding from the CWSRF Program, the Trust votes to issue the borrower a binding loan commitment. This commits MassDEP to finance the full eligible cost of the project, as described in the Borrower's initial application. MassDEP then issues a Project Regulatory Agreement (PRA). The PRA includes MassDEP's regulation and supervision conditions and limitations, cash drawdown schedule, and provisions from the PAC.

The Trust, MassDEP, and the borrower then enter into a loan agreement to secure the financing for the project. The loan agreement establishes the security of the loan, repayment schedule, interest rates, and subsidies, as well as various procedural and regulatory requirements related to the MassDEP's oversight of the project. Following MassDEP approval of the PAC, the project must commence in six months.

For More Information

To obtain additional information concerning the SRF Program, please contact one of the following regional program managers:

Northeast:	Kevin Brander	978/694-3236
Southeast:	Richard Keith	508/946-2784
Central:	Paul Anderson	508/767-2802
West:	Deirdre Cabral	413/755-2148

Municipal services staff in MassDEP's Boston office:

Steve McCurdy, Director 617/292-5779

Information also is available on MassDEP's web site:
<http://www.mass.gov/dep/water/wastewater/srfhowto.htm>
and

Massachusetts Water Pollution Abatement Trust web site:
<http://www.mass.gov/treasury/mwpat/wpat.htm>



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This information is available in alternative format upon request by contacting the ADA Coordinator at 617/556-1057.